

**TUMWATER TRANSPORTATION BENEFIT DISTRICT
MINUTES OF MEETING
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CONVENE: 7:56 p.m.

PRESENT: President Neil McClanahan and Councilmembers Joan Cathey, Eileen Swarthout, Ed Hildreth, Nicole Hill, Debbie Sullivan, and Tom Oliva.

Staff: City Administrator John Doan, Assistant City Administrator Heidi Behrends Cerniwey, City Attorney Karen Kirkpatrick, Finance Director Ursula Euler, Public Works Director Jay Eaton, Fire Chief Scott LaVielle, and Recording Secretary Tom Gow.

ELECTION OF OFFICERS. FOR 2015: President McClanahan opened nominations for President and Vice President.

Councilmember Hill nominated Neil McClanahan for President and Joan Cathey for Vice President. There were no other nominations for President or Vice President.

President McClanahan closed the nominations.

By acclamation, the Council elected Neil McClanahan as President and Joan Cathey as Vice President for 2015.

CHANGES TO THE AGENDA: A reordering of the agenda items 4 and 5 was recommended by Councilmember Hill.

MOTION: **Councilmember Hildreth moved, seconded by Councilmember Cathey, to approve the agenda as amended. Motion carried.**

TBD RESOLUTION NO. R2015-003; WCIA AGREEMENT: Director Eaton reported on previous actions completed by the Board to adopt its Charter and Bylaws. As a separate entity from the City, insurance is required. The City of Tumwater is insured through the Washington Cities Insurance Authority (WICA), which also offers insurance to TBDs within the state. Approximately 60 TBDs have been formed in the state to date.

WICA approved the membership request for the Tumwater Transportation Benefit District. Resolution No. R2015-003 authorizes the Board to accept membership into WCIA to provide insurance coverage. The cost of the insurance is \$2,500 a year and covers standard provisions similar to the City's coverage.

Councilmember Hildreth asked about the funding source for the annual insurance premium. Director Eaton advised the funding would be from the TBD. Currently, the TBD has no budget. After adoption of the charter and the bylaws in November 2014, the Board adopted an interlocal agreement with the City of Tumwater to administer the interim administrative matters

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of financing and administrative support. Initial expenditures will be tracked and reimbursed to the City when the TBD begins receiving revenues. Staff time for work on the TBD programs will also be charged to the TBD.

MOTION: **Councilmember Oliva moved, seconded by Councilmember Hildreth, to approve Resolution No. R2015-003 approving membership in the Washington Cities Insurance Authority (WCIA). Motion carried unanimously.**

**TBD RESOLUTION
NO. R2015-001;
REGULAR
MEETING
SCHEDULE:**

Director Eaton reported the request is for approval of a regular meeting schedule for the Board. Other TBDs have typically scheduled regular meetings, and based on need especially during the first year of formation of the district, special meetings can be scheduled as needed. The proposed resolution establishes a set of regular meetings for the third Tuesday of the first month of each quarter for 2015. The proposed schedule is for meetings on January 20, April 21, July 21, and October 20, 2015 as regular scheduled meetings. Based on business needs, special meetings will be scheduled when required. The meeting time is 7:30 p.m. following the regular Council meeting. Board worksessions similar to the Council's worksessions would be considered special meetings with legal notice required.

Councilmember Cathey asked about the impact to regular Council meetings by having the Board's meetings follow a regular Council meeting. City Administrator Doan said the regular meetings could be rescheduled if the Council agenda required additional time. Additionally, the needs of the Board could require a different schedule of meetings by moving the dates. The bylaws require establishing a meeting schedule.

Councilmember Cathey cautioned about avoiding any impact to regular Council meetings, which can be fairly long dependent upon the agenda.

Councilmember Oliva commented on the importance of approving a schedule a meeting for the TBD to assure the public that the actions of the Board are transparent as well as televised.

MOTION: **Councilmember Oliva moved, seconded by Councilmember Hill, to adopt Resolution No. R2015-004; adopting a schedule of regular TBD meetings in 2015.**

Councilmember Hildreth agreed with comments about jeopardizing Council meetings as it's important for the Council to have the necessary time to conduct business. President McClanahan agreed and added that it's the responsibility of the President to work with City Administrator Doan and Mayor Kmet to ensure adequate time is afforded to both bodies to conduct business.

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MOTION: **Motion carried unanimously.**

PAVEMENT PROGRAM NEEDS: Director Eaton provided an overview of Pavement Program Needs for pavement preservation and maintenance of City streets.

Staff distributed pamphlets during the last July 4th Artesian Festival on the City's Street Maintenance Program to provide information to citizens and engage them in the benefits of the TBD. The goal of the TBD is maintaining existing infrastructure today and in the future.

All 101 miles of roadways in the City are rated on pavement condition in over 1,000 different road segments on a rating scale of 0 to 100 with 100 the best condition equal to a new brand new road. Overall, the City's entire road condition is rated at 79 with 84% of roads in good shape and 16% of roads in poor condition. Optimal pavement management addresses all roads rated good to prevent them from worsening into a poor rating that costs more to fix. Custer Way and some segments of Capitol Boulevard and Old Highway 99 fall into the 16% poor category.

Delayed maintenance drives the increase in maintenance costs. The least cost approach is ensuring good rated streets do not deteriorate to poor conditions. The TBD can provide the revenue sources to fund the City's pavement management system in a cost-effective manner. Dedicated funding is currently lacking for preservation and maintenance. Prior to the elimination of the motor vehicle tax, the City had a robust pavement overlay program. After passage of the initiative, those funds were no longer available creating the scenario of pavement maintenance competing with other important City priorities.

Funding options available to the TBD is the \$20 license tab fee or a 0.2% sales tax increase.

The City's 101 miles of streets equates to 300 miles of lane miles at a value of \$196 million if those miles were replaced today. The value only pertains to pavement surface and doesn't include sidewalks, curbs, gutters, drains, and street lights.

Staff would like to achieve a pavement rating of an 83 average for all City roads. The cost to achieve this would total \$24 million over a six-year period to repair roads and implement low cost treatments to avoid streets degrading to a more expensive category.

Director Eaton displayed a map that showed the pavement ratings for the City street system. All public roads in the City could be eligible for TBD

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funds.

Director Eaton reviewed the different types of pavement treatments.

Councilmember Hildreth asked whether particular treatments require accessibility upgrades. Director Eaton affirmed the type of treatment can trigger the need to complete ADA upgrades and its part of the evaluation of a street when considering an overlay or reconstruction.

Director Eaton displayed a map of different roadway quadrants in the City and described the condition of roads in each quadrant.

Councilmember Sullivan asked about the potential impact of the annexation on adding streets and on the Pavement Management Program. Director Eaton said there would be approximately 11 miles of new City streets added to the City's street network after the annexation. The county has most of the historical data on the roads, which would be added to the City's pavement rating system to provide data on lifecycle curves. Should the Board elect to pursue a sales tax increase, those revenues generated from the annexation area would be available to the TBD.

Councilmember Hill asked whether the TBD boundary is defined as the current City boundary. City Attorney Kirkpatrick said the TBD boundary conforms with any City boundary changes in the future.

Director Eaton described how the program would be developed, which entails staff working with the Board to develop an annual program for the projects to be accomplished. Currently, TBD funds would be used for the preservation program. However, each year the Board and staff would develop specific projects to be completed over the year.

Councilmember Hildreth asked whether inflation is factored in the \$24 million estimate. Director Eaton said the amount includes a 3% inflation factor over the six-year period. However, delaying the program each year would also increase the cost above \$24 million.

**TBD RESOLUTION
NO. R2015-002;
BALLOT
MEASURE:**

City Administrator Doan reported the City invited major retailers to a meeting and shared information on the two funding options for the TBD. Retailers were afforded an opportunity to email feedback or attend the meeting. The City received an email from one retailer supporting the sales tax increase. No other comments were received. A major retailer that is exploring the City to locate its business expressed some concerns with a sales tax increase. Tumwater's sales tax rate is 8.7%. Lacey's is 8.7% and Olympia's is 8.8%.

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City Administrator Doan said the maps and the estimates of the work required for the roads were developed from a planning level review. As more specific projects are identified, design-level work would be completed to identify the project scope.

President McClanahan noted that there is a sunset if the Board pursues a ballot measure for a sales tax increase. The sales tax increase would expire in 10 years.

Director Eaton reported the Board directed preparation of resolution for a 0.2% sales and use tax to fund the preservation and restoration of City streets. The proposed resolution is required to submit a ballot measure to the voters of Tumwater for that purpose. The resolution includes the ballot measure language and it must specify the purpose of the money. The draft resolution is the recommended language for adoption by the Board.

The first part of the resolution speaks to the authority of the TBD for establishing the funding source and includes some history on sales and use tax. The second element of the resolution is defining the project of taking care of existing streets.

Discussion followed on the election dates and timelines associated with each election date. Staff is recommending the April 28 special election to avoid conflicts with other ballot measures and it affords an opportunity for the TBD to begin collecting revenues in December for the first quarter of revenues from October, November, and December.

Councilmember Swarthout expressed concerns that the informational pieces provided for citizens within the annexation boundary haven't kept pace with the funding options for the TBD and only mentions the vehicle license fee of \$20 and doesn't mention the 0.2% sales tax increase option. Director Eaton said that during recent meetings with businesses and some open houses for residents of the annexation area, both funding options for the TBD were shared.

Councilmember Oliva recommended a change in language within the resolution to include an example of the cost of the sales tax increase to reflect that the increase represents two cents on a \$10 purchase of taxable goods.

Councilmember Hill agreed the proposal is helpful to convey the real cost of the sales tax increase.

City Attorney Kirkpatrick acknowledged the request to include the addition in the resolution.

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Councilmember Cathey questioned the difference in the cost between the elections. Director Eaton explained that the cost depends on the number of ballot measures other local agencies might include on the ballot. Other costs pertain to the production of a voter's pamphlet that includes pro and con statements for the measure. Councilmember Cathey asked about the rationale for including a pro and con statement for a City-wide sale tax measure.

City Administrator Doan said the Auditor's Office affords an opportunity for a pro committee and a con committee to include pro and con statements within the voter pamphlet. If a con statement is not submitted, the County Auditor's Office solicits a con statement from other sources.

Discussion followed on whether a voter pamphlet is required. City Administrator Doan said the City, at one time, was asked about participating in a voter pamphlet.

The Board discussed funding options. Councilmember Oliva preferred the sales tax option as it taxes visitors shopping in Tumwater who are using the roads and it increases the amount of funding available for the program. He supports the April 28 election date. Councilmembers Cathey, Hildreth, and Hill agreed. Councilmember Hildreth added that his only concern is the timing associated with providing information to the public prior to an April election. Councilmember Hill qualified her support with concerns for low, fixed, and middle income households trying to get by.

The Board shared similar opinions on the sales tax option as it gives the citizens a choice. There is also a cost of not acting.

City Attorney Kirkpatrick advised the Board of prohibitions for using City facilities and resources to promote or oppose a ballot measure. However, the Council is allowed to take a collective position statement similar to previous measures in support of a proposition through a joint resolution as well as individually.

Mayor Kmet added that the City can provide factual information similar to the public safety initiative.

Mayor Kmet agreed with the challenge of competing with an Intercity Transit ballot issue if the Board elected to pursue an August ballot measure. He has weighed the pros and cons of both funding options. He referred to correspondence from former Mayor Ralph Osgood who feels the sales tax option is the preferred funding option because it taxes those that visit and use the City's street to purchase goods in Tumwater, and it's a compelling

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argument. The license fee tab is not well liked by citizens in the state. He concluded that a ballot measure for a 0.2% sales tax increase is the preferred option. Mr. Osgood volunteered to chair a pro committee for an April election date. Mayor Kmet supported the recommendation to include an example of the effect of 0.2% on a \$10 purchase.

MOTION: **Councilmember Oliva moved, seconded by Councilmember Cathey, to approve TBD Resolution No. R2015-002, a ballot proposition approving submittal to the electors of the District on April 28, 2015, to impose a 0.2% sales and use tax to fund the preservation and restoration of City street, as amended by Councilmember Oliva. Motion carried unanimously.**

Councilmember Oliva asked about the opportunity for the Board to support the ballot measure. City Attorney Kirkpatrick advised the Board to direct staff to prepare a resolution of support during a special meeting for consideration by the Board. The City Council could also adopt a resolution of support as directed to staff. The Board asked staff to prepare a resolution of support for the Board and the Council.

ADJOURNMENT: **With there being no further business, President McClanahan adjourned the meeting at 9:16 p.m.**

Prepared by Valerie L. Gow, Recording Secretary/President
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